

General Information

A motor vehicle dealer who operates a service or repair component in his dealership may register a motor vehicle to be used exclusively as a loaner or rental motor vehicle to the customers of this service or repair department. The dealer may pay usage tax on the loaner or rental motor vehicle as provided in KRS 138.460, or may pay a usage tax of \$25 per month on the loaner or rental motor vehicle.

A dealer shall pay the usage tax on a motor vehicle in the manner provided by KRS 138.460 unless the dealer shows to the satisfaction of the Department of Revenue that he is regularly engaged in the servicing or repair of motor vehicles and loans or rents a motor vehicle to a retail customer while the customer's motor vehicle is at the dealership for repair or service.

For a dealer to be eligible to pay the usage tax on a loaner or rental motor vehicle under this section, the dealer shall identify the motor vehicle as a loaner or rental motor vehicle to the Department of Revenue and shall maintain records, as required by the Department of Revenue, which show all uses of the loaner or rental motor vehicle.

The tax due under subsection (1) of this section shall be remitted to the Department of Revenue monthly on forms prescribed by and in accordance

with administrative regulations promulgated by the department. Failure of a motor vehicle dealer to remit the taxes applicable to a loaner or rental motor vehicle under this section shall be sufficient cause for the Department of Revenue to revoke the authority to use that motor vehicle as a loaner or rental motor vehicle and cause the usage tax on that motor vehicle to be due and payable in accordance with KRS 138.460 on the retail price of that motor vehicle when it was first registered as a loaner or rental motor vehicle.

A motor vehicle no longer covered under the loaner permit program shall be taxed in the same manner as motor vehicles under KRS 138.450(12).

Obtaining a Loaner-Rental Number

The Department of Revenue, Motor Vehicle Usage Tax Section, will assign the dealership a Loaner-Rental number. This number needs to be listed on the title application (form 71A100 or TC-96-182) when the vehicle is transferred into the program.

To enroll, you **MUST** submit a Loaner-Rental Application to the Department of Revenue, Motor Vehicle Usage Tax Section.

The application (form 72A054) may be downloaded from Revenue's Web site at www.revenue.ky.gov/forms/currenvtfrms.htm.

Adding/Removing Vehicles

Any vehicles added and/or removed in the Loaner-Rental program **MUST** be transferred at the County Clerk's Office.

Maintaining a Vehicle Log

KRS 138.460(5) requires the dealer to maintain records that show all uses of the Loaner-Rental vehicle. The logs must include the dates vehicles were loaned or rented, the mileage in and out to the customer, the customer's name and a reference to the service or repairs that were completed for the customer.

Monthly Report

The dealership must immediately begin submitting Loaner-Rental monthly reports (form 73A055), including the month the dealership enters the program. Each month's report must be completed in its entirety.

A Loaner-Rental report **must** be filed each month. The payment and report are due on the 15th of each month for the previous month.

THE DEALERSHIP IS RESPONSIBLE FOR SUBMITTING REPORTS AND PAYMENTS MONTHLY TO THE DEPARTMENT.

CONTACT INFORMATION

Kentucky Department of Revenue
Motor Vehicle Usage Tax Section
Station 64
501 High Street
Frankfort, KY 40601-2103
502-564-4455
502-564-2906 FAX

E-mail:

DOR.WEBResponseMotorVehicleUsageTax@ky.gov

www.revenue.ky.gov

A full narrative of the tax law may be found at KRS 138.4605-138.470.

Penalties and Interest

Late Report:

KRS131.180 imposes a penalty of 2% of the tax, up to a maximum of 20% of the tax, for each 30 days or fraction thereof that the report is filed late.

Late Payment:

KRS131.180 imposes a penalty of 2% of the tax, up to a maximum of 20% of the tax, for each 30 days or fraction thereof for failure to pay tax by the due date.

Interest:

KRS131.183 imposes interest at the "tax interest rate" from the original due date of the return until the tax is paid.

Penalty:

Penalties may be protested in writing explaining the reason why the penalties should be waived. In no case shall the penalty be less than \$10.00.

Leaving the Loaner-Rental Program

Contact the Motor Vehicle Usage Tax Section in writing when the dealership will no longer participate in the Loaner-Rental Program and provide an effective date for this action. This notification should be separate from the final report and payment.

ALL Loaner-Rental vehicles must be removed from the program at the COUNTY CLERK'S OFFICE.

KENTUCKY DEPARTMENT OF REVENUE

MOTOR VEHICLE USAGE TAX

LOANER-RENTAL PROGRAM



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